

Message Text

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ORIGIN EA-10

INFO OCT-01 ISO-00 AGR-05 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 RSC-01 SP-02 STR-01 TRSE-00 CIEP-01

FRB-03 OMB-01 L-02 /045 R

DRAFTED BY EA/PHL:RTWILLNER:KAD

APPROVED BY EA/PHL:ECHULEN

USDA:DWILLIAMS

EB/FTD:WMIMS

EA/EP:AGEBER

----- 068245

R 281724Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

INFO AMEMBASSY SEOUL

AMEMBASSY TAIPEI

AMEMBASSY BANGKOK

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TAIPEI FOR EDMOND

E.O. 11652: N/A

TAGS: EAGR, ETRD, RPD

SUBJECT: COTTON CONTRACTS

REF: MANILA 1020

1. IN DEBRIEFING JAN 27, USDA ASSISTANT SECRETARY YEUTTER COMMENTED THAT, IN ADDITION TO DISCUSSION REPORTED REFTEL, DBP CHAIRMAN VIRATA HAD TOLD HIM PRIVATELY IN UNEQUIVOCAL TERMS THAT CONTRACTS WOULD BE HONORED. YEUTTER REMAINS CONCERNED, HOWEVER, THAT TIMING OF ACTION REMAINS SERIOUS PROBLEM.

2. SUGGEST THAT EDMOND VISIT BE USED AS OCCASION TO
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REITERATE WITH GOP OUR CONCERN OVER CONTRACTS, WITH PART-

ICULAR REGARD TO NEED FOR PROMPT ACTION.

3. U.S. COTTON SHIPPERS' ASSOCIATION EARLIER REPORTED THEY HAD HEARD YEUTTER AGREED TO RELAY NEW REQUEST FOR CONTRACT RENEGOTIATION. YEUTTER SAID THIS INCORRECT, THAT HE HAD REJECTED RENEGOTIATION AS UNACCEPTABLE, BUT THAT HE HAD AGREED TO RELAY REQUEST THAT SHIPPERS ASSIST MILLS IN MEETING WAREHOUSING COSTS OVER PERIOD IT MAY TAKE TO USE COTTON.

4. UNDERSTAND SHIPPERS HAVE SERIOUS RESERVATIONS ON THIS APPROACH, WHICH WOULD IN ANY EVENT HAVE TO BE DEALT WITH

CASE BY CASE. HOWEVER, WOULD APPRECIATE EMBASSY'S ASSESSMENT ON FOLLOWING QUESTIONS: A)WHETHER SHIPPERS' AGREEMENT TO SUBSIDIZE STORAGE COSTS COULD PROVIDE BASIS FOR COMPROMISE LEAVING CONTRACT PRINCIPLE INTACT WHILE ALLOWING PHILIPPINE SIDE TO FEEL THEY HAD GAINED AN HONORABLE SETTLEMENT, AND B) AMOUNT OF MONEY THAT WOULD PROBABLY BE INVOLVED IN WAREHOUSING COSTS OVER 2-3 YEARS.

KISSINGER

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Message Attributes

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TAGS: EAGR, ETRD, US, RP, (YEUTTER, CLAYTON K)
To: MANILA
Type: TE
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